

McPherson County

Estimated Economic Impact of Agriculture, Food, and Food Processing Sectors

10/8/14

21 agriculture, food, and food processing sectors were analyzed to determine their overall contribution to the McPherson County economy.¹

These 21 sectors have a total direct output of approximately \$609 million and support 2,117.2 jobs in McPherson County. Running the model for all 21 sectors simultaneously produces the following results:

Agriculture Contribution in McPherson Co						
Impact Type ²	Employment	% Employment	Total Value Added ³	% of Gross Regional Product ⁴	Output ⁵	% of Gross Regional Product
Direct Effect	2,117.2	10%	137,656,249.4	7%	608,633,198.5	32%
Indirect Effect	373.8	2%	33,857,263.4	2%	56,908,453.1	3%
Induced Effect	367.6	2%	25,038,573.4	1%	39,587,863.1	2%
Total Effect	2,858.7	13%	196,552,086.2	10%	705,129,514.7	37%

As shown in the above table, agriculture, food, and food processing supports 2,858.7 jobs, or 13% of the entire workforce in the county. These industries provide a total economic contribution of approximately \$705 million, roughly 37% of Gross Region Product (GRP). As noted below in the calculation of Gross Regional Product, imports and institutional sales are subtracted. Therefore, counties that import a relatively large amount of goods and services will have a reduced GRP which may lead to agricultural output being greater than GRP.

Another metric used to calculate the importance of sectors in an economy is their value added as a percentage of GRP. Total value added by the 21 agriculture, food, and food processing sectors is approximately \$197 million, or 10% of the GRP. This indicates that personal income, business income, and taxes generated by these sectors account for 10% of the total economy.

¹ Article on building a contribution analysis in IMPLAN that avoids double counting:

http://www.implan.com/index.php?option=com_content&view=article&id=660%3A660&catid=253%3AKB33&Itemid=70

² Direct, indirect, and induced effects sum together to estimate the total economic contribution in the state. **Direct effects** capture the contribution from agricultural and food products. **Indirect effects** capture the economic benefit from farms and agricultural businesses purchasing inputs from supporting industries within the state. **Induced effects** capture the benefits created when employees of farms, agricultural businesses, and the supporting industries spend their wages on goods and services within the state.

³ Value added = labor income + indirect business taxes + other property type income.

⁴ GRP = final demand of households + governments expenditures + capital + exports - imports - institutional sales.

⁵ Output = intermediate inputs + value added.

The following tables document the overall summary numbers of the model, top industries affected by employment and output, and a listing of all industries that were analyzed.

In the top ten by employment, Grain farming is the top employer in the agriculture industry with 653.9 employees. This table also shows the amount of jobs that are created by the agriculture industry in McPherson County.

Description	Total Employment	Total Output
Grain farming	653.9	60,898,066.1
Farm machinery and equipment manufacturing	314.5	180,960,079.4
Cattle ranching and farming	278.0	69,733,022.7
Support activities for agriculture and forestry	184.4	3,542,580.6
Animal production, except cattle and poultry and eggs	176.7	14,343,352.9
Tortilla manufacturing	112.2	28,593,531.4
Frozen food manufacturing	107.1	38,697,360.2
Oilseed farming	80.5	20,757,961.2
Food services and drinking places	76.5	4,115,512.8
Monetary authorities and depository credit intermediation activities	58.1	19,155,852.4

The Farm machinery and equipment manufacturing industry directly contributes approximately \$181 million to McPherson County's economy. This table also shows how much revenue is generated in other industries by having a strong agriculture industry.

Description	Total Employment	Total Output
Farm machinery and equipment manufacturing	314.5	180,960,079.4
Wet corn milling	30.0	73,325,980.3
Cattle ranching and farming	278.0	69,733,022.7
Grain farming	653.9	60,898,066.1
Flour milling and malt manufacturing	37.4	51,582,683.2
Frozen food manufacturing	107.1	38,697,360.2
Tortilla manufacturing	112.2	28,593,531.4
Other industrial machinery manufacturing	51.8	22,330,958.6
Oilseed farming	80.5	20,757,961.2
Monetary authorities and depository credit intermediation activities	58.1	19,155,852.4

Below is a summary of all agriculture data with employment levels and output level. These values can tell how many jobs are represented by each agriculture sector and the output they contributed to McPherson County's economy.

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All 105 counties in Kansas have Implan models and agriculture contribution summary. These values do not factor in the retail environment of food sales. Food retail is important, but in order to provide the most accurate picture of what production agricultural and processing contributes to Kansas, the retail sector was omitted.